



Legislative Council Staff

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FISCAL NOTE

Drafting Number:	LLS 18-0642	Date:	January 31, 2018
Prime Sponsors:	Sen. Donovan Rep. Willett	Bill Status:	Senate Business
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Bill Topic: FEDERAL FUNDS FOR RURAL BROADBAND DEPLOYMENT

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue (<i>potential</i>)	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure (<i>minimal</i>)	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill requires the Broadband Deployment Board to seek certain federal broadband funds. It may increase state and local government revenue in future years, and creates a minimal state workload increase in FY 2018-19.

**Appropriation
Summary:** No appropriation is required.

**Fiscal Note
Status:** The fiscal note reflects the introduced bill.

Summary of Legislation

The bill requires the Broadband Deployment Board in the Department of Regulatory Agencies (DORA) to petition the Federal Communications Commission (FCC), on or before January 1, 2019, for a waiver from FCC rules that currently prohibit a state entity from applying for federal universal service high-cost program funds, specifically from the Remote Areas Fund. The Remote Areas Fund is an extension of the Connect America Fund designed to facilitate broadband deployment in extremely high-cost areas of the country.

The bill also authorizes the board to file any additional documentation required by the FCC; coordinate with the FCC to develop any conditions it may require to grant the petition; maintain any granted money in the High Cost Support Mechanism; and to disburse the funds as authorized by the board and in compliance with FCC conditions.

Background

Broadband deployment grants. The Broadband Deployment Board in DORA administers "last-mile" broadband deployment grants to telecommunications providers through a competitive bid process from the TABOR-exempt Broadband Fund.

Connect America Fund. Upon conclusion of the FCC's Connect America Fund Phase II Auction, the FCC has begun work on a program that will provide at least \$100 million annually from the Remote Areas Fund to telecommunications providers committing to landline and broadband deployment in extremely high-cost areas of the country.

State Revenue

If federal money is received, it will be a TABOR-exempt source of revenue deposited into the Broadband Fund, which is held by a third-party administrator and allocated by the board.

State Expenditures

The bill will minimally increase workload for the Broadband Deployment Board and the Public Utilities Commission (PUC) in DORA. The bill requires coordination between the board and the FCC and allows the PUC, by rule, to establish requirements that comply with FCC conditions. Most workload will fall to the board to apply for a waiver, determine grant recipients, and manage the grant process. It is expected that any legal services required can be accomplished within the existing legal budget. There may be a small amount of additional work by the fund's third-party administrator to assist the board in assuring consistency with potential FCC payments, but this will not increase state costs.

Local Government and School District Impact

Certain local governments may receive new revenue from grants or property taxes, as discussed below.

Local government internet providers. Local governments that provide internet service (only the City of Longmont, currently) may see an increase in revenue and workload if they receive new grant funding. Local governments that do not act as internet service providers are not eligible for the new grant money under the bill.

Property tax collections. If grants available under this bill increase the construction of broadband facilities, property tax collections will increase in that jurisdiction. A portion of property taxes go toward the local share of school finance. Increases in property tax collections decrease the state share under the School Finance Act. Property tax impacts have not been estimated.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties	Economic Development	Governor
Information Technology	Law	Local Affairs
Municipalities	Regulatory Agencies	